

CENTRAL KAROO

DISTRICT MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

CENTRAL KAROO DISTRICT MUNICIPALITY

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CENTRAL KAROO DISTRICT MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

NATURE OF BUSINESS

CENTRAL KAROO Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The CENTRAL KAROO Municipality includes the following municipal areas:

*Beaufort West
Prince Albert
Laingsburg
Mervetville
Murraysburg*

MUNICIPAL MANAGER

Mr. S. Jooste

CHIEF FINANCIAL OFFICER

Mr. N.W. Nortjé

REGISTERED OFFICE

63 Donkin Street, Beaufort West, 6970

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

*First National Bank, Beaufort West
ABSA, Beaufort West*

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1996)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

CENTRAL KAROO DISTRICT MUNICIPALITY

MEMBERS OF THE CENTRAL KAROO DISTRICT MUNICIPALITY

COUNCILLORS

Mayor	E.Z. Njadu
Deputy Mayor	E. Maans
Speaker	J. Bostander
Councillor	I.J. Windvogel
Councillor	M.S. Hanganana
Councillor	M. Furmen
Councillor	G. de Vos
Councillor	J.G. Mocke
Councillor	S. Botes
Councillor	B.J. van As
Councillor	A.M. Slabbert
Councillor	S. Nortje
Councillor	A.D. Willemse
Councillor	A.L. Rabie

APPROVAL OF FINANCIAL STATEMENTS


I am responsible for the preparation of these annual financial statements year ended 30 June 2015, which are set out on pages 1 to 79 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2016 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr. S. Jooste
Accounting Officer

30 / 11 / 2015

Date

CENTRAL KAROO DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R (Actual)	2014 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		(4,258,609)	(6,359,285)
Accumulated (Deficit)		(4,258,609)	(6,359,285)
Non-Current Liabilities		16,888,806	15,298,672
Long-term Liabilities	2	14,994	42,926
Employee benefits	3	16,873,812	15,255,746
Current Liabilities		11,101,267	10,004,983
Consumer Deposits			
Current Employee benefits	4	3,352,171	2,949,777
Payables from non exchange transactions	5	402,385	16,274
Payables from exchange transactions	6	4,736,720	5,723,477
Unspent Conditional Government Grants and Receipts	7	2,571,015	1,253,371
Current Portion of Long-term Liabilities	2	38,976	62,083
Total Net Assets and Liabilities		<u>23,731,464</u>	<u>18,944,369</u>
ASSETS			
Non-Current Assets		13,785,367	12,460,705
Property, Plant and Equipment	9	4,111,393	4,061,012
Intangible Assets	10	61,126	48,296
Employee benefits	3	9,612,848	8,351,397
Current Assets		9,946,098	6,483,665
Inventory	13	921,474	1,133,984
Receivables from non-exchange transactions	14	380,644	126,543
Unpaid Conditional Government Grants and Receipts	7	996,296	154,108
Operating Lease Asset	15.2	-	-
Taxes	8	111,743	11,275
Employee benefits	3	623,420	501,706
Cash and Cash Equivalents	16	6,912,522	4,556,048
Total Assets		<u>23,731,465</u>	<u>18,944,369</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2016 (Actual) R	2014 (Restated) R	Correction of error R	2014 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		27,601,009	21,488,686	360,450	21,128,136
Transfer Revenue		27,137,285	21,128,136	-	21,128,136
Government Grants and Subsidies - Operating	17	26,988,822	21,128,136	-	21,128,136
Debt Impairment	23	148,463	-	-	-
Other Revenue		463,724	360,450	360,450	-
Actuarial Gains	3	58,062	-	-	-
National Treasury 1% audit fee	19	405,662	360,450	360,450	-
Revenue from Exchange Transactions		40,619,611	34,904,718	(4,067,927)	38,972,645
Rental of Facilities and Equipment		70,022	45,464	-	45,464
Interest Earned - external Investments		446,335	177,620	-	177,620
Department of Transport - Roads Service Charges		35,781,816	30,500,938	(4,094,171)	34,595,109
Licences and Permits		14,990	41,240	-	41,240
Agency Services	18	3,158,928	3,053,380	-	3,053,380
Other Income	20	1,147,520	1,086,076	26,244	1,059,832
Gain on disposal of Property, Plant and Equipment		-	-	-	-
Total Revenue		58,220,520	56,393,304	(3,707,477)	60,100,781
EXPENDITURE					
Employee related costs	21	28,311,642	24,789,015	18,849,202	7,939,814
Remuneration of Councillors	22	3,074,324	2,978,251	-	2,978,251
Debt Impairment	23	-	152,479	-	152,479
Depreciation and Amortisation	24	249,835	339,637	-	339,837
Impairments	26	599,365	500,292	57,950	442,342
Repairs and Maintenance	27	9,741,111	11,530,038	11,478,083	53,955
Actuarial losses	3	1,116,322	452,689	-	452,689
Finance Charges	28	743,062	704,395	-	704,395
Contracted services		273,977	211,208	-	211,208
General Expenses	28	24,010,304	11,892,989	(32,074,437)	43,987,425
Loss on disposal of Property, Plant and Equipment		-	53,558	-	53,558
Total Expenditure		56,119,943	53,604,549	(3,691,203)	57,296,762
NET SURPLUS/(DEFICIT) FOR THE YEAR		2,100,677	2,788,755	-16,274	2,806,029

CENTRAL KAROO DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated (Deficit)	Total
	R	R
Balance at 1 JULY 2013	(9,148,040)	(9,148,040)
Restated Balance at 1 JULY 2013	(9,148,040)	(9,148,040)
Net Surplus for the year	2,788,755	2,788,755
Balance at 30 JUNE 2014	(5,359,285)	(5,359,285)
Net Surplus for the year	2,100,677	2,100,677
Balance at 30 JUNE 2015	(4,258,609)	(4,258,609)

CENTRAL KAROO DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	30 JUNE 2015 (ACTUAL) R	30 JUNE 2014 (RESTATEd) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		39,214,074	35,292,350
Government		27,469,279	20,644,282
Interest		446,335	177,620
Payments			
Suppliers and employees		(63,793,563)	(52,461,452)
Finance charges	26	(16,202)	(24,162)
Cash generated by operations	31	<u>3,319,923</u>	<u>3,628,638</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(297,593)	(378,378)
Proceeds on Disposal of Fixed Assets		-	46,101
Purchase of Intangible Assets		(21,185)	(18,755)
Increase In Non-current Investments	11	(593,633)	(500,292)
Net Cash from Investing Activities		<u>(912,412)</u>	<u>(851,324)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(51,039)	(52,298)
Net Cash from Financing Activities		<u>(51,039)</u>	<u>(62,298)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>2,356,473</u>	<u>2,726,016</u>
Cash and Cash Equivalents at the beginning of the year		4,556,048	1,831,033
Cash and Cash Equivalents at the end of the year	34	<u>6,912,522</u>	<u>4,556,048</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>2,356,474</u>	<u>2,725,016</u>

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
ASSETS					
Current assets					
Cash & Call investment deposits	6,912,522	10,201,195	(3,288,673)		-32% Increase due to LG SETA grant that did not fully realised.
Consumer debtors	390,644	160,177	230,467		138% Debtors with Credit balances were moved to Trade payables with a value of R 158,000.
Other Receivables	1,108,038	165,383	942,655		570% Increase in Unpaid Government Grants. RAMS and WC PT FMG grant not fully spent.
Current portion of long-term receivables	623,420	751,976	(128,556)		-17% Less than what was budgeted for per actuarial reports.
Inventory	921,474	1,133,984	(212,510)		-19% Not budgeted for correctly.
Total current assets	9,946,098	12,412,714	(2,466,616)		
Non current assets					
Long-term receivables	9,612,848	8,620,805	992,043		12% Less than what was budgeted for per actuarial reports.
Property, plant and equipment	4,111,393	4,202,396	(91,003)		-2% Less Additions purchased than budgeted for.
Intangible Assets	61,126	17,474	43,652		250% Increase in Intangible additions.
Total non current assets	13,785,367	12,840,675	944,692		
TOTAL ASSETS	23,731,465	25,253,389	(1,521,925)		
LIABILITIES					
Current liabilities					
Borrowing	38,976	36,803	2,173		6% Trivial
Trade and other payables	7,710,120	10,552,441	(2,842,321)		-27% Trade Payables better budgeted for.
Provisions and Employee Benefits	3,352,171	3,334,566	17,605		1% Trivial
Total current liabilities	11,101,267	13,923,810	(2,822,543)		
Non current liabilities					
Borrowing	14,984	6,123	8,871		145% Trivial
Provisions and Employee Benefits	16,873,812	16,810,449	63,363		0% Trivial
Total non current liabilities	16,888,806	16,816,572	72,234		
TOTAL LIABILITIES	27,990,073	30,740,382	(2,750,309)		
NET ASSETS	(4,258,608)	(5,486,992)	1,228,385		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	(4,258,609)	(5,486,992)	1,228,384		
TOTAL COMMUNITY WEALTH/EQUITY	(4,258,609)	(5,486,992)	1,228,384		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2015
ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
ASSETS					
Current assets					
Cash	5,091,919	3,809,276	8,901,195	75%	Increase due to LG SETA grant
Call Investment deposits	1,356,000	(56,000)	1,300,000	-4%	Correction made to balance during 2013/2014 Audit. Interest not capitalised, but rather expensed.
Consumer debtors	413,645	(253,469)	160,177	-61%	Decrease in Debtors.
Other Receivables	1,788,308	(1,622,925)	165,383	-91%	Decrease in Debtors.
Current portion of long-term receivables	-	751,976	751,976	100%	Long term receivables brought in where it was never recognised.
Inventory	932,011	201,973	1,133,984	22%	Stock Increased.
Total current assets	9,581,884	2,830,831	12,412,714		
Non current assets					
Long-term receivables	-	8,620,805	8,620,805	100%	Long term receivables brought in where it was never recognised.
Property, plant and equipment	3,598,221	604,175	4,202,396	17%	Additions budgeted for.
Other non current assets	7,717,877	(7,717,877)	-	-100%	Reclassified to Long term Receivables.
Intangible Assets	80,429	(62,955)	17,474	-78%	Decrease in intangible assets.
Total non current assets	11,396,527	1,444,148	12,840,675	13%	
TOTAL ASSETS	20,978,411	4,274,979	25,253,389	20%	
LIABILITIES					
Current liabilities					
Borrowing	50,000	(13,197)	36,803	-26%	Less Machines taken as finance leases.
Trade and other payables	5,300,000	5,252,441	10,552,441	99%	Increase in trade Payables to accommodate the LG SETA Grant.
Provisions and Employee Benefits	3,475,300	(140,734)	3,334,566	-4%	Decrease in Provisions.
Total current liabilities	8,825,300	5,098,510	13,923,810		
Non current liabilities					
Borrowing	4,711	1,412	6,123	30%	Trivial
Provisions and Employee Benefits	15,101,714	1,708,735	16,810,449	11%	Decrease in Provisions.
Total non current liabilities	15,106,425	1,710,147	16,816,572		
TOTAL LIABILITIES	23,931,725	6,808,656	30,740,382		
NET ASSETS	(2,953,315)	(2,533,678)	(5,486,992)		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	(2,953,315)	(2,533,678)	(5,486,992)		
TOTAL COMMUNITY WEALTH/EQUITY	(2,953,315)	(2,533,678)	(5,486,992)		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
REVENUE BY SOURCE					
Rental of facilities and equipment	70,022	70,000	22	0%	Trivial
Interest earned - external investments	446,335	200,000	246,335	123%	Increase due to investment not budgeted for.
Debt Impairment	148,463	-	148,463	100%	Debt Impairment reversed.
Licences and permits	14,990	-	14,990	100%	Not budgeted for.
Agency services	3,158,328	4,149,237	(990,909)	-24%	No additional fluid fees were received.
Government Grants and Subsidies - Operating	27,394,484	40,350,452	(12,955,968)	-32%	LG SETA grant of R16m only paid out R4,7m
Other revenue	36,987,398	37,998,867	(1,011,469)	-3%	Roads budget increased.
Total Operating Revenue	68,220,620	82,808,556	(14,587,936)	-18%	
EXPENDITURE BY TYPE					
Employee related costs	26,311,542	12,668,222	13,643,420	108%	Increase % in Salaries due to reclassification of DWAF and road expenditure
Remuneration of councillors	3,074,324	3,145,000	(70,676)	-2%	Trivial
Impairment	599,365	-	599,365	100%	Impairment not budgeted for.
Depreciation & asset impairment	249,835	389,440	(139,605)	-36%	Less Additions purchased and impairments made.
Finance charges	743,062	340,000	403,062	119%	Increase due to Actuarial reports.
Contracted services	273,977	-	273,977	100%	Budgeted for under general expenses.
Other expenditure	34,667,737	66,259,191	(31,391,454)	-47%	LG SETA grant of R16m only paid out R4,7m as well as reclassification of DWAF and road expenditure.
Total Operating Expenditure	66,119,343	82,801,853	(16,681,909)	-20%	
Net Surplus for the year	2,100,677	6,703	2,093,974		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
REVENUE BY SOURCE					
Rental of facilities and equipment	120,000	(50,000)	70,000	-42%	A portion of the rented out premises stood vacant during the financial year.
Interest earned - external investments	150,000	50,000	200,000	33%	Increase due to an increase in saved funds.
Agency services	3,661,237	488,000	4,149,237	13%	Increase in Dept of roads income, therefore a higher agency service fee.
Government Grants and Subsidies - Operating	53,746,343	(12,755,891)	40,990,452	-24%	Dept of Roads income moved to other income.
Other revenue	382,500	37,616,367	37,998,867	9834%	Dept of Roads income moved from Grant income. New LG SETA Grant received.
Total Operating Revenue	57,460,080	25,348,476	82,808,556		
EXPENDITURE BY TYPE					
Employee related costs	11,839,446	828,776	12,668,222	7%	Increase % in Salaries were over budgeted for.
Remuneration of councillors	3,145,000	-	3,145,000	0%	
Depreciation & asset impairment	429,440	(40,000)	389,440	-9%	A more accurate assumption made when the FAR were reviewed after the 2013/2014 audit.
Finance charges	450,000	(110,000)	340,000	-24%	Only one new finance lease entered into and one lease that came to an end during the financial year.
Other expenditure	40,667,491	25,591,700	66,259,191	63%	Increase due to new LG SETA Grant as well as an increase in expenditure from Dept of Roads.
Total Operating Expenditure	56,531,377	26,270,476	82,801,853		
Net Surplus/(Deficit) for the year	928,703	(922,000)	6,703		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R	2015 R	2015 R	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Actual)	(Final Budget)	(Variance)		
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	39,214,074	42,184,471	(2,970,396)	-7%	Incorrectly budgeted for.
Government - operating	27,469,279	40,390,452	(12,921,173)	-32%	Roads Income moved from Government - Operating to Rate payors & Other
Interest	446,333	200,000	246,333	123%	Incorrectly budgeted for.
Payments	(63,793,563)	(75,933,658)	12,140,095	-16%	Roads expenses moved from Transfers & Grants to Suppliers & Employees
Finance charges	(16,202)	(340,000)	323,798	-95%	Incorrectly budgeted for.
NET CASH FROM OPERATING ACTIVITIES	3,319,922	6,501,265	-3,181,343		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Increase in non-current receivables	-	(519,678)	519,678	-100%	Incorrectly budgeted for.
Increase in non-current investments	(593,633)	-	(593,633)	100%	Incorrectly budgeted for.
Payments	(318,778)	(500,000)	181,222	-35%	Decrease in additions purchased
Capital assets	(912,412)	(1,019,678)	107,266		
NET CASH FROM/(USED) INVESTING ACTIVITIES					
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments	(51,039)	(62,083)	11,044		
Repayment of borrowing	(51,039)	(62,083)	11,044		
NET CASH USED FINANCING ACTIVITIES					
NET INCREASE IN CASH HELD	2,356,472	5,419,504	-3,063,030		
Cash and Cash Equivalents at the beginning of the year	4,556,048	4,781,691	-225,643		
Cash and Cash Equivalents at the end of the year	6,912,522	10,201,195	(3,288,673)		

Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00

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CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the annual financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as three separate additional financial statements, namely the Statement of comparison of budget and actual amounts for the Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts. The municipality shall present an explanation of changes between an approved and final budget, by way of a note disclosure in terms of GRAP 24. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R 300,000.00.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
Directive 11	<p>Changes in Measurement Bases following Initial Adoption of Standards of GRAP</p> <p>This Directive can be applied when a Municipality elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP.</p> <p>No significant impact is expected as the Municipality has no intention of changing its measurement bases.</p>	1 April 2015
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	Unknown
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that an Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality previously resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p>	Unknown

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	No such transactions or events are expected in the foreseeable future.	
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant Impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 107 (Original – Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant Impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	Unknown
GRAP 109	<p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in</p>	Unknown

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	<p>terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE) The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown
IGRAP17	<p>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized. No reserve exists for the current financial year though.

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1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

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1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.13. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

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1.15. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.15.1. *Post-Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

1.15.2. *Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.15.3 Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Economic entity's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Economic entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.4. Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.15.5. Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.15.6. Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15.7. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors.

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are

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recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.15.8. Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.16. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.4. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.5. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.17.6. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

Asset Class	Asset Sub-grouping	Useful Life (Yrs)
Land	None	Indefinite
Buildings	None	11 – 30
Community Assets	Civic Buildings	30
Heritage	None	Indefinite
Other Assets	Machinery and Equipment	1 – 21
	Furniture and Office Equipment	3 – 100
	Motor Vehicles	5 – 21
	Computer Equipment	2 – 20

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

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1.17.7. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.8. Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.18. INTANGIBLE ASSETS

1.18.4. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the Municipality will receive future economic benefits or service potential; and

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- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.5. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.6. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5 - 11

1.18.7. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.4. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

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In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.19.5. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its

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recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

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1.20. INVENTORIES

1.20.4. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.20.5. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.21.4. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in

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respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.21.5. Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial liabilities at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.5.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.5.2. Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and

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subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.21.5.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.21.5.4. Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.21.6. De-recognition of Financial Instruments

1.21.6.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.21.6.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.7. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.22 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.22.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised.

1.22.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference

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between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.22.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

- (i) derecognise the receivable; and

- (ii) recognise separately any rights and obligations created or retained in the transfer.

1.23. REVENUE

1.23.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment

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qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.23.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.

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- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an Issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or

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services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same Municipality (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an Municipality of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

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Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an Municipality who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.25. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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1.26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the annual financial statements:

1.29.1. *Post-retirement medical obligations and Long service awards*

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

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1.29.2. Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.29.3. Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of Infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

1.29.4. Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

1.29.5. Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.29.6. Revenue Recognition

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.29.7. Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.29.8. Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31. CAPITAL COMMITMENTS

Capital commitments disclosed in the annual financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.32. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
2 LONG-TERM LIABILITIES		
Capitalised Lease Liability - At amortised cost	53,970	105,009
	<u>53,970</u>	<u>105,009</u>
Current Portion transferred to Current Liabilities	38,976	62,083
Capitalised Lease Liability - At amortised cost	<u>38,976</u>	<u>62,083</u>
Total Long-term Liabilities - At amortised cost using the effective interest rate method	<u>14,994</u>	<u>42,926</u>

Refer below for maturity dates of long term liabilities:

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	44,651	76,459
Payable within two to five years	17,686	108,317
	<u>62,237</u>	<u>184,776</u>
Less: Future finance obligations	<u>(8,267)</u>	<u>(79,767)</u>
Present value of lease obligations	<u>53,970</u>	<u>105,009</u>
Book value of other assets secured by leases	40,453	126,628

The capitalised lease liability consist out of the following contracts:

<u>Supplier</u>	<u>Description of leased item</u>	<u>Effective Interest rate</u>	<u>Annual Escalation</u>	<u>Lease Term</u>	<u>Maturity Date</u>
Gesteher	Copier	20%	0%	5 Years	30/11/2016
Gesteher	Copier	13%	0%	5 Years	30/11/2015
RICOH	Copier	13%	0%	5 Years	30/06/2019

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

3 EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 3.1	6,720,622	6,291,174
Roads Post Retirement Benefits - Refer to Note 3.1	8,037,537	6,829,655
Long Service Awards Roads - Refer to Note 3.2	1,052,759	972,716
Long Service Awards Other - Refer to Note 3.2	540,342	613,175
Ex - Gratia Roads - Refer to Note 3.3	522,552	549,026
Total Non-current Employee Benefit Liabilities	<u>16,873,812</u>	<u>15,255,746</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2015 R	2014 R
<u>Post Retirement Benefits</u>		
Balance 1 July	13,894,504	12,907,924
Contribution for the year	313,440	288,766
Interest Cost	1,180,894	1,025,568
Expenditure for the year	(773,676)	(743,940)
Actuarial Loss	936,544	418,187
Total post retirement benefits 30 June	15,551,707	13,894,504
Less: Transfer of Current Portion - Note 4	(783,548)	(773,676)
Balance 30 June	14,758,159	13,120,829
<u>Long Service Awards</u>		
Balance 1 July	1,689,337	1,667,640
Contribution for the year	127,429	126,225
Interest Cost	129,552	113,319
Expenditure for the year	(207,850)	(229,146)
Actuarial Loss	179,778	11,299
Total long service 30 June	1,918,245	1,689,337
Less: Transfer of Current Portion - Note 4	(325,145)	(103,446)
Balance 30 June	1,593,101	1,585,891
<u>Ex - Gratia Benefits</u>		
Balance 1 July	622,178	554,977
Interest Cost	49,838	42,000
Actuarial Gain	(78,839)	25,201
Total long service 30 June	593,177	622,178
Less: Transfer of Current Portion - Note 4	(70,625)	(73,152)
Balance 30 June	522,552	549,026
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	15,206,019	15,130,541
Contribution for the year	440,869	414,991
Interest cost	1,360,284	1,180,887
Expenditure for the year	(981,526)	(973,088)
Actuarial Loss	1,037,483	452,687
Total employee benefits 30 June	18,083,130	16,206,020
Less: Transfer of Current Portion - Note 4	(1,189,318)	(950,274)
Balance 30 June	16,893,812	15,255,746

3.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	28	25
Continuation members (e.g. Retirees, widows, orphans)	26	27
Total Members	54	52

The liability in respect of past service has been estimated to be as follows:

In-service members	5,739,336	4,650,142
Continuation members	9,812,371	9,244,363
Total Liability	15,551,707	13,894,505

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 Rm	2012 Rm	2011 Rm
Total Liability	13.895	12.908	10.562

Experience adjustments were calculated as follows:

	2013 Rm	2012 Rm	2011 Rm
Liabilities: (Gain) / loss	0.602	-0.806	1.464
Assets: Gain / (loss)	-	-	-

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The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Samwumedi; and
Keyhealth - Discovery.

Key actuarial assumptions used:

i) Rate of Interest

	2015 %	2014 %
Discount rate	8.56%	8.74%
Health Care Cost Inflation Rate	7.83%	7.99%
Net Effective Discount Rate	0.67%	0.70%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 Ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early and ill-health retirement.

	2015 R	2014 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	18,063,130	16,206,020
Total Liability	18,063,130	16,206,020

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	13,894,505	12,907,824
Total expenses	720,659	570,394
Current service cost	313,440	288,786
Interest Cost	1,180,894	1,025,568
Benefits Paid	(773,978)	(743,840)
Actuarial losses	836,544	418,187
Present value of fund obligation at the end of the year	15,551,707	13,894,505
Less: Transfer of Current Portion - Note 4	(793,548)	(773,678)
Balance 30 June	14,758,159	13,120,829

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		5,739	9,812	15,551	
Health care inflation	1%	6,925	10,818	17,743	14%
Health care inflation	-1%	4,795	8,952	13,747	-12%
Discount rate	1%	4,796	8,984	13,780	-12%
Discount rate	-1%	8,947	10,821	17,768	14%
Post-retirement mortality	-1yr	5,944	10,238	16,183	4%
Average retirement age	-1yr	6,183	9,812	15,995	3%
Withdrawal Rate	-10%	5,215	9,812	15,027	-3%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		313,400	1,180,900	1,494,300	
Health care inflation	1%	382,200	1,350,000	1,732,200	16%
Health care inflation	-1%	259,100	1,041,000	1,300,100	-13%
Discount rate	1%	262,300	1,162,500	1,424,800	-5%
Discount rate	-1%	379,000	1,198,000	1,575,000	5%
Post-retirement mortality	-1yr	324,300	1,231,300	1,555,600	4%
Average retirement age	-1yr	319,400	1,212,000	1,531,400	2%
Withdrawal Rate	-10yr	287,000	1,143,700	1,430,700	-4%

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.
Roads
Other

96
19

96
19

As at year end, the following number of employees were eligible for Long Service Bonuses.

115115

Key actuarial assumptions used:

i) Rate of Interest

Discount rate
General Salary Inflation (long-term)
Net Effective Discount Rate applied to salary-related Long Service Bonuses

7.58%
8.85%
0.68%

7.01%
7.07%
0.78%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations
Net liability

1,918,246
1,918,246

1,689,337
1,689,337

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

2013
R

2012
R

2011
R

Total Liability

1,667,6381,418,839858,758

Experience adjustments were calculated as follows:

2013
2012
2011

Liabilities: (Gain) / loss
Assets: Gain / (loss)

153,105
-

695,296
-

(70,261)
-

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year
Total expenses
Current service cost
Interest Cost
Benefits Paid
Actuarial losses
Present value of fund obligation at the end of the year
Less: Transfer of Current Portion - Note 4
Balance 30 June

1,689,337
49,131
127,428
129,552
(207,850)
179,778
1,918,246
(325,145)
1,593,101

1,667,640
10,398
126,225
113,319
(229,146)
11,299
1,689,337
(103,446)
1,585,891

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption
Central assumptions
General salary inflation
General salary inflation
Discount rate
Discount rate
Average retirement age
Average retirement age
Withdrawal rates

Change
1%
-1%
1%
-1%
-1yr
1yr
-50yr

In-service members liability (Rm)
127,400
137,200
118,600
118,300
137,800
113,000
139,400
154,100

Continuation members liability (Rm)
129,600
137,700
122,100
137,100
120,800
108,800
142,600
146,800

Total liability (Rm)
257,000
274,900
240,700
255,400
258,600
221,800
282,000
300,900

% change

7%
6%
-1%
1%
-14%
10%
17%

Assumption
Central Assumption
Health care inflation
Health care inflation
Discount rate
Discount rate
Post-retirement mortality
Average retirement age
Withdrawal Rate

Change
1%
-1%
1%
-1%
-1yr
1yr
-50yr

Current-service Cost (R)
143,800
154,700
134,000
134,800
154,000
130,400
157,800
176,300

Interest Cost (R)
133,300
141,500
125,900
142,000
123,500
118,200
146,500
150,900

Total (R)
277,100
296,200
259,900
276,800
277,500
248,600
304,300
327,200

% change

7%
-6%
0%
0%
-10%
10%
18%

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3.3 Ex - Gratia Benefits	2015	2014
The Ex - Gratia plans are defined benefit plans.		
Roads	17	19
As at year end, the following number of employees were eligible for Long Service Bonuses.	<u>17</u>	<u>19</u>
Key actuarial assumptions used:	2015	2014
	%	%
1) Rate of Interest		
Discount rate	8.24%	8.50%
Benefit increase rate (CPI Inflation)	8.08%	6.34%
Net Effective Discount Rate	2.04%	2.03%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

	2015	2014
	R	R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	622,178	554,877
Total expenses	49,838	42,000
Interest Cost	<u>49,838</u>	<u>42,000</u>
Actuarial (gains)/losses	<u>(78,830)</u>	<u>25,201</u>
Present value of fund obligation at the end of the year	593,177	622,178
<u>Less:</u> Transfer of Current Portion - Note 4	<u>(70,625)</u>	<u>(73,152)</u>
Balance 30 June	<u>522,552</u>	<u>549,028</u>

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central Assumption		593,177	
Benefit Increase rate	+1%	621,889	5%
Benefit Increase rate	-1%	568,185	-5%
Discount rate	+1%	566,924	-4%
Discount rate	-1%	621,549	5%
Average retirement age	-1yr	603,479	2%
Withdrawal Rate	-50%	597,361	1%

Assumption	Change	Interest Cost (R)	Total (R)	% change
Central Assumption		49,838	49,838	
Pension Increase rate	1%	53,102	53,102	7%
Pension Increase rate	-1%	46,831	46,831	-6%
Discount rate	1%	52,442	52,442	5%
Discount rate	-1%	46,816	46,816	-6%
Average retirement age	-1yr	50,752	50,752	2%
Withdrawal Rate	-50%	51,116	51,116	3%

3.4 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 112.60% (30 June 2013 - 105.10%).

Contributions paid recognised in the Statement of Financial Performance

2015 R	2014 R
3,152,532	2,877,870

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 100.20% (30 June 2013 - 99.70%).

Contributions paid recognised in the Statement of Financial Performance

159,531	133,831
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

SAMWU National Provident Fund

856,389	838,295
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EMPLOYEE BENEFITS - RECEIVABLE

Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)
Department of Transport: Roads - Long Service Awards (Note 3.2)
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)

8,413,665	7,186,799
1,229,426	1,044,126
593,177	622,178

Less: Current portion transferred to current receivables

10,236,268	8,853,103
(823,420)	(501,708)

Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)
Department of Transport: Roads - Long Service Awards (Note 3.2)
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)

(376,128)	(357,144)
(176,687)	(71,410)
(70,825)	(73,162)

9,612,846	8,351,397
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Less: Provision for Impairment

-	-
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Total Long Term Receivables

9,612,846	8,351,397
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DEPARTMENT OF TRANSPORT: ROADS

Roads Receivable relates to the provision for post-retirement health benefits, long service awards and ex-gratia pension benefits made in respect of employees directly appointed for Roads Function performed on an agency basis on behalf of the Provincial Administration.

In terms of the agreement between the Western Cape Provincial Government and past practica, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post-retirement benefits. The future claim for the provision for retirement benefits, which is derived from past services rendered by the relevant employees, has therefore been raised as a long term debtor. The carrying amount of these assets approximates their fair value.

The carrying amount of these assets approximates their fair value.

4

CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 3
Current Portion of Long Service Provisions - Note 3
Current Portion of Ex-Gratia Benefits - Note 3
Provision for Staff Leave
Provision for Performance Bonuses
Staff Bonuses accrued

793,548	773,676
325,145	103,448
70,825	73,152
1,515,604	1,324,964
-	111,178
647,250	563,362

Total Current Employee Benefits

3,352,172	2,949,777
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The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year
Contribution to current portion
Expenditure incurred
Balance at end of year

1,324,964	1,572,216
286,120	(152,500)
(95,480)	(94,752)
1,515,604	1,324,964

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
<u>Provision for Performance Bonuses</u>		
Balance at beginning of year	111,178	105,129
Contribution to current portion	(111,178)	166,766
Expenditure incurred	-	(166,717)
Balance at end of year	<u>-</u>	<u>111,178</u>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

Staff Bonuses accrued

Balance at beginning of year	563,362	603,498
Contribution to current portion	1,278,402	1,126,724
Expenditure incurred	(1,194,514)	(1,166,858)
Balance at end of year	<u>647,250</u>	<u>563,362</u>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

5 PAYABLES FROM NON EXCHANGE TRANSACTIONS

Trade Payables - National Treasury	402,385	16,274
	<u>402,385</u>	<u>16,274</u>

6 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	2,554,947	3,024,487
Roads - Sundry creditors	2,011,222	1,878,549
Sundry Creditors	170,551	820,441
Total Trade Payables	<u>4,736,720</u>	<u>5,723,477</u>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	2,571,015	1,253,371
National Government Grants	1,090,837	236,044
Provincial Government Grants	1,360,738	865,452
Other Grant Providers	99,440	149,875
Less: Unpaid Grants	998,296	154,108
National Government Grants	244,653	83,169
Provincial Government Grants	64,333	64,333
Other Grant Providers	687,310	6,606
Total Conditional Grants and Receipts	<u>1,574,719</u>	<u>1,099,263</u>

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

8 TAXES
8.1 VAT RECEIVABLE/(PAYABLE)

VAT receivable	112,937	11,275
VAT Payable	(1,245)	-
Total VAT receivable	<u>111,743</u>	<u>11,275</u>

8.2 NET VAT RECEIVABLE/(PAYABLE)

<u>111,743</u>	<u>11,275</u>
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VAT is receivable/payable on the cash basis.

9 PROPERTY, PLANT AND EQUIPMENT

See attached sheet

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9 PROPERTY, PLANT AND EQUIPMENT

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Reconciliation of Carrying Value	Opening Balance R	Additions R	Cost Disposals R	Closing Balance R	Opening Balance R	Accumulated Depreciation and Impairment Depreciation Charge R	Impairment R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	2,841,060	-	-	2,841,060	1,262,450	43,536	-	-	1,305,986	1,535,074
Land	229,000	-	-	229,000	-	-	-	-	-	229,000
Buildings	2,612,060	-	-	2,612,060	1,262,450	43,536	-	-	1,305,986	1,306,074
Community Assets	1,031,424	-	-	1,031,424	172,768	27,699	-	-	200,466	830,958
Buildings	1,031,424	-	-	1,031,424	172,768	27,699	-	-	200,466	830,958
Other Assets	4,305,176	297,593	-	4,602,769	2,681,430	170,246	5,732	-	2,857,408	1,745,361
Machinery and Equipment	654,788	21,249	-	676,037	418,895	4,389	1,143	-	424,427	251,611
Furniture and Equipment	1,383,968	48,796	-	1,432,764	755,160	13,007	1,192	-	769,359	663,405
Office Equipment - Computers	1,076,687	62,548	-	1,139,235	688,926	100,992	3,398	-	793,317	345,918
Motor vehicles	1,189,733	165,000	-	1,354,733	818,448	51,868	-	-	870,306	484,427
	8,177,660	297,593	-	8,475,253	4,116,648	241,480	5,732	-	4,363,861	4,111,393

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

30 JUNE 2014

Reconciliation of Carrying Value

	Opening Balance R	Additions R	Cost Disposals R	Closing Balance R	Opening Balance R	Accumulated Depreciation and Impairment Depreciation Charge R	Impairment R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	2,841,060	-	-	2,841,060	1,217,463	44,987	-	-	1,262,450	1,578,610
Land	229,000	-	-	229,000	-	-	-	-	-	229,000
Buildings	2,612,060	-	-	2,612,060	1,217,463	44,987	-	-	1,262,450	1,349,610
Community Assets	1,031,424	-	-	1,031,424	144,146	28,622	-	-	172,768	858,656
Buildings	1,031,424	-	-	1,031,424	144,146	28,622	-	-	172,768	858,656
Other Assets	4,154,912	378,378	(228,114)	4,305,176	2,594,745	235,207	-	(148,522)	2,681,430	1,623,747
Machinery and Equipment	651,221	3,567	-	654,788	415,326	3,569	-	-	418,895	235,893
Furniture and Equipment	1,315,465	94,812	(26,309)	1,383,968	749,977	28,719	-	(23,536)	755,160	628,808
Office Equipment - Computers	876,375	280,000	(80,188)	1,076,687	610,026	154,337	-	(75,436)	688,926	387,761
Motor vehicles	1,311,350	-	(121,617)	1,189,733	819,416	48,582	-	(49,550)	818,448	371,285
	8,027,396	378,378	(228,114)	8,177,660	3,956,354	308,816	-	(148,522)	4,116,648	4,061,012

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

The effect of the Change in Accounting estimates due to the review of useful lives and residual values is as follows:

	2015 R	2016 R	2017 R
Increase / (Decrease) in depreciation on other assets for the year	263,944	253,944	227,440

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
10 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	48,295	80,429
Cost	137,697	252,043
Accumulated Amortisation	(89,402)	(171,614)
Additions	21,185	18,755
Disposals	-	(20,068)
Amortisation	(8,354)	(30,822)
Net Carrying amount at 30 June	61,126	48,296
Cost	158,882	137,697
Accumulated Amortisation	(97,756)	(89,402)

The following material intangible assets are included in the carrying value above

Description	Remaining Amortisation Period	Carrying Value	
		2015 R	2014 R
Microsoft Office and other software	5	61,126	48,296

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose life is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

11 NON-CURRENT INVESTMENTS

Unlisted Investments comprise of the following. Valuations of investments supplied by council

Central Karoo Economic Development Agency SOC Ltd

Cost	100	100
Opening Balance	737,927	237,534
Contribution towards loan	693,633	600,292
Impairment	(1,331,660)	(737,927)
	-	-

13 INVENTORY

Maintenance Materials - At cost	866,677	1,098,944
Consumable Stores - Milk - At cost	54,796	35,040
Total Inventory	921,473	1,133,984
Inventory recognised as an expense during the year	7,959,950	1,938,996
Balance previously reported		1,679,469
Correction of error note 30.2		259,527

No inventory assets were pledged as security for liabilities.

14 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other Debtors	666,189	560,552
Total Receivables from Non-Exchange Transactions	666,189	560,552
Less: Allowance for Doubtful Debts	(285,545)	(434,009)
Total Net Receivables from Non-Exchange Transactions	380,644	126,543

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	434,009	281,529
Contribution to provision/(Reversal of provision)	(148,463)	152,479
Balance at end of year	285,545	434,009
The entire provision for bad debts relates to outstanding balances older than 180 days.		
15 OPERATING LEASE ARRANGEMENTS		
Operating leases currently under the control of the Central Karoo District Municipality has no end date to the contracts. There will therefore be no calculation for the smoothing of these leases.		
16 CASH AND CASH EQUIVALENTS		
<u>Assets</u>		
Call investments Deposits	2,339,753	1,300,000
Bank Accounts	4,571,469	3,254,748
Cash Floats	1,300	1,300
Total Cash and Cash Equivalents - Assets	6,912,522	4,556,048
Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
Call investments Deposits to an amount of R2339753 are held to fund the Unspent Conditional Grants (2014: R1300000).		
Bank overdraft facility of R2 000 000 exists at FNB.		
The municipality has the following bank accounts:		
<u>Current Accounts</u>		
ABSA Bank Account Number 1540 0000 14 (Cheque Account)		
First National Bank Account Number 6206 2151 429 (Cheque Account)		
Combined Accounts	4,571,469	3,254,748
	4,571,469	3,254,748
ABSA Bank Account Number 1540 0000 14 (Cheque Account)		
Bank statement balance at beginning of year	2,217,730	32,982
Bank statement balance at end of year	915,529	2,217,730
First National Bank Account Number 6206 2151 429 (Cheque Account)		
Bank statement balance at beginning of year	987,398	344,939
Bank statement balance at end of year	3,652,498	987,398

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Combined Accounts		
Cash book balance at beginning of year	3,254,748	529,733
Cash book balance at end of year	<u>4,571,459</u>	<u>3,254,748</u>
Both bank accounts are posted to a single cash book in the general ledger		
Call Investments Deposits		
Call investment deposits consist out of the following accounts:		
First Rand Bank Limited - 6223 6004 355	1,300,000	1,300,000
Nedbank - 03 / 7881114568 / 000001	1,039,753	-
	<u>2,339,753</u>	<u>1,300,000</u>
17 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants	16,722,000	14,638,000
Equitable Share	<u>16,722,000</u>	<u>14,638,000</u>
Conditional Grants	10,266,822	6,490,136
Grants and donations	<u>10,266,822</u>	<u>6,490,136</u>
Total Government Grants and Subsidies	<u>26,988,822</u>	<u>21,128,136</u>
Government Grants and Subsidies - Operating	<u>26,988,822</u>	<u>21,128,136</u>
	<u>26,988,822</u>	<u>21,128,136</u>
Revenue recognised per vote as required by Section 123 (c) of the MFMA		
Equitable share	16,722,000	14,638,000
Executive and Council	538,548	-
Budget and Treasury	7,648,697	2,297,938
Corporate Services	1,481,142	2,687,568
Planning and Development	600,435	1,014,027
Health	-	490,605
	<u>26,988,822</u>	<u>21,128,136</u>
The municipality does not expect any significant changes to the level of grants.		
17.1 Equitable share		
Opening balance	-	-
Grants received	16,722,000	14,638,000
Conditions met - Operating	<u>(16,722,000)</u>	<u>(14,638,000)</u>
Conditions met	<u>-</u>	<u>-</u>
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
17.2 Health Subsidy		
Opening balance	(38,514)	(39,108)
Grants received	-	428,966
Conditions met - Operating	<u>-</u>	<u>(428,371)</u>
Grants to be recovered	<u>(38,514)</u>	<u>(38,514)</u>
Health subsidies was used fund primary health care services in the municipal area.		
17.3 Local Government Financial Management Grant (FMG)		
Opening balance	(2,068)	(3,654)
Grants received	1,250,000	1,250,000
Conditions met - Operating	<u>(1,250,000)</u>	<u>(1,248,414)</u>
Grants to be recovered	<u>(2,068)</u>	<u>(2,068)</u>
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2015 R	2014 R
17.4 Municipal Systems Improvement Grant		
Opening balance	(62,988)	(3,262)
Grants received	934,000	890,000
Conditions met - Operating	(934,000)	(949,727)
Grants to be recovered	<u>(62,988)</u>	<u>(62,988)</u>
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
17.5 Working for Water		
Opening balance	147,278	785,196
Grants received	-	1,118,144
Conditions met - Operating	(328,876)	(1,738,083)
Conditions to be met/(Grants to be recovered)	<u>(179,597)</u>	<u>147,278</u>
Grant utilised for the eradication of alien vegetation.		
17.6 Other Grants		
Opening balance	1,055,554	863,844
Grants received	8,683,279	2,321,172
Conditions met - Operating	(7,760,947)	(2,128,662)
Conditions still to be met	<u>1,857,886</u>	<u>1,055,554</u>
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
17.7 Total Grants		
Opening balance	1,099,263	1,583,117
Grants received	27,489,279	20,644,282
Conditions met - Operating	(28,993,822)	(21,128,136)
Conditions still to be met/(Grant expenditure to be recovered)	<u>1,574,719</u>	<u>1,099,263</u>
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	2,571,016	1,253,371
Unpaid Conditional Government Grants and Receipts	(996,296)	(154,108)
	<u>1,574,719</u>	<u>1,099,263</u>
18 AGENCY SERVICES		
Commission on Agency services: Department of Transport: Western Cape	3,158,928	3,053,380
	<u>3,158,928</u>	<u>3,053,380</u>
The municipality has service level agreements with Department Transport Western Cape		
19 OTHER REVENUE		
National Treasury 1% audit fee	405,662	360,450
	<u>405,662</u>	<u>360,450</u>
20 OTHER INCOME		
Contributions from shared services with Beaufort West Municipality	97,688	136,521
Contributions from shared services with Laingsburg Municipality	120,705	43,295
Contributions from shared services with Prince Albert Municipality	328,578	122,167
Sundry Income	72,306	29,515
EPWP Admin fee	127,579	-
Photostat and Faxes	11,957	5,387
Private Work - Roads Department	27,420	26,244
Commission	16,218	18,310
Samples: Milk and Water	62,084	330,137
Milk Sales	282,988	374,500
Total Other Income	<u>1,147,520</u>	<u>1,086,078</u>
As previously reported		1,059,832
Correction of error note 30.3		26,244
Restated balance		<u>1,086,076</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
21 EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	19,542,808	17,994,998
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	3,410,538	3,346,127
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1,137,618	1,139,692
Housing Benefits and Allowances	118,565	115,535
Overtime Payments	528,881	955,248
Bonuses	1,194,514	1,275,815
Leave Provision	288,119	(152,500)
Contribution to provision - Long Service Awards	127,429	128,225
Contribution to provision - Post Retirement Medical	313,440	288,768
	<u>26,659,912</u>	<u>25,089,896</u>
Less: Employee Costs allocated elsewhere	<u>(348,270)</u>	<u>(300,881)</u>
Total Employee Related Costs	<u>26,311,642</u>	<u>24,789,015</u>
As previously reported		7,939,814
Correction of error notes 30.1, 30.3 and 30.4		16,849,202
Restated balance		<u>24,789,015</u>

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year contract and all the other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period. Acting allowances are immaterial.

REMUNERATION OF KEY MANAGEMENT PERSONNEL**Remuneration of the Municipal Manager - Mr S Jooste**

Annual Remuneration	915,623	898,082
Travelling Reimbursement	300,000	240,000
Performance Bonuses	-	99,648
Telephone allowance	18,000	18,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	38,448	44,476
Total	<u>1,270,071</u>	<u>1,300,205</u>

Remuneration of the Director Technical Services

Annual Remuneration	670,637	667,848
Travelling Reimbursement	100,000	100,000
Performance Bonus	-	67,120
Contributions - UIF, Medical, Pension	163,490	140,634
Total	<u>934,327</u>	<u>875,600</u>

Remuneration of the Director Corporate and Support Services

Annual Remuneration	859,750	840,670
Travelling Reimbursement	72,000	72,000
Contributions - UIF, Medical, Pension	176,916	164,586
Total	<u>1,108,666</u>	<u>1,077,557</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
22 REMUNERATION OF COUNCILLORS		
Mayor	742,663	697,771
Executive Committee Members	1,250,631	1,263,933
Councillors	1,080,730	1,018,547
Total Councillors' Remuneration	3,074,324	2,978,251
<i>In-kind Benefits</i>		
The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee members are full-time Councillors. Each are provided with an office and shared secretarial support at the cost of the Council. The Executive Mayor may utilise official Council Transportation when engaged in official duties.		
23 DEBT IMPAIRMENT		
Trade Receivables from non-exchange transactions - Note 14	(148,463)	152,479
Debt Impairment recognised in statement of financial performance	(148,463)	152,479
24 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	241,480	308,616
Intangible Assets	8,356	30,621
	249,835	339,537
25 IMPAIRMENTS		
Non-Current Investments	593,633	500,292
Property, Plant and Equipment	5,732	-
	599,365	500,292
26 FINANCE CHARGES		
Employee Benefits	1,360,284	1,180,887
Less: Employee benefits transferred to Roads. Refer to note 11	(633,424)	(500,654)
Finance leases	16,202	24,182
Total finance charges	743,062	704,395
27 REPAIRS AND MAINTENANCE		
Buildings	1,654	21,935
Furniture and Equipment	11,438	44,256
General	109,435	5,584
Radio	-	1,870
Road Workings	9,606,976	11,449,064
Vehicle Repair and Maintenance	11,708	7,328
		-
Total Operating grant expenditure	9,741,111	11,530,038
As previously reported		53,955
Correction of error note 30.3 and note 30.4		11,476,083
Restated balance		11,530,038

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2015 R	2014 R
28 GENERAL EXPENSES		
Advertisements	43,713	35,414
Awareness days	30,373	-
Audit fees	1,893,815	813,979
Bank Charges	32,286	43,368
Computer Expenses	419,899	421,458
DWAF operational costs	-	1,098,700
Electricity, Water and Sanitation	370,353	309,475
Entertainment	14,784	19,830
Entertainment: Deputy Mayor	22,490	9,873
Entertainment: Mayor	128,897	89,834
Entertainment: Speaker	22,000	9,000
Expanded Public Works Program	814,452	951,503
Fire Extinguishers	4,757	9,508
Fuel and Oil	33,486	40,427
Global Fund	-	57,093
Furniture and Equipment	-	256
Household Expenses	21,300	28,181
Implement Projects	50,435	64,301
Insurance General	88,575	101,867
Integrated Development Plan : Economic	-	52,435
Integrated Development Plan : Financial Services	677,445	641,482
Integrated Development Plan : Revaluation	247,260	134,306
Inventory Items used - Department of Roads	7,740,476	1,678,469
Legal Fees	50,732	222,653
Membership Fees	528,707	470,470
Milk Powder	220,480	259,527
Nutrition Scheme	-	54,382
Penalties & Interest SARS	12,889	-
Printing and Stationery	141,531	86,080
Public Functions	68,220	36,060
Rates	103,474	80,131
Registration and Congress Fees	6,069	12,624
Rent	67,725	73,316
Rent Equipment	1,500	-
Samples: Milk, Water and Food	58,575	187,834
Shared services	827,122	538,453
Study Fund	161,935	(10,601)
Sundry Expenditure	143,945	263,571
Sundry Projects	8,008,542	412,111
Telephone and Postage	507,437	405,819
Training	58,752	151,152
Training Fund	421,742	230,101
Travel and Subsistence	1,246,563	1,322,902
Travel and Subsistence: Council	599,655	462,055
General Expenses	24,010,304	11,692,869
As previously reported		43,987,425
Correction of error note 30		(32,074,437)
Restated balance		11,692,869
29 DEPARTMENT OF TRANSPORT - ROADS SERVICES CHARGES		
Administration cost		4,094,171
Advertising		6,982
Bonuses		877,345
Buildings		4,060
Computer expenses		18,331
Electricity		127,034
Employee related cost		32,400
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids		2,746,407
Employee Related Costs - Salaries and Wages		11,359,509
Entertainment		18,110
Equipment		15,410
Furniture & Fittings		3,282
General Expenses		101,733
Housing Benefits and Allowances		72,383
Inventory		1,679,469
Over time		949,291
Private work		(26,244)
Rates & Taxes		32,887
Repairs & Maintenance		1,840,877
Road workings		8,968,111
Service contracts		2,842,503
Stationary		29,921
Telephone and Postage		182,987
Training		13,260
Travel and Subsistence		512,688
Travel, Motor Car, Accommodation, Subsistence and Other Allowances		296,400
	-	34,595,109
As previously reported		34,595,109
Correction of error note 30.3		(34,595,109)
Restated balance		-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
30	CORRECTION OF ERROR IN TERMS OF GRAP 3		
30.1	EMPLOYEE RELATED COSTS		
	<i>Balance previously reported - 30 June</i>	653,380	
	Re-allocation of longservice bonuses from Travel, Motor Car, Accommodation, Subsistence and Other Allowances to Contribution to provision - Long Service Awards	77,470	
	<i>Restated Balance</i>	730,850	
	The balance as stated above does not include correction of error note 28.3. The balance is made out as follows:		
	Balance after correction note 28.1	730,850	
	Note 28.3 Correction	408,832	
	<i>Restated Balance</i>	1,139,682	
30.2	INVENTORY		
	<i>Balance previously reported - 30 June</i>	1,679,469	
	Milk sold during the 2013/2014 financial year note 13	259,527	
	<i>Restated Balance</i>	1,938,996	
30.3	DEPARTMENT OF TRANSPORT - ROADS SERVICES CHARGES		
	<i>Balance previously reported - 30 June</i>	34,595,109	
	Re-allocation to employee related costs note 21	(16,413,768)	
	Re-allocation to general expenses note 28	(6,733,899)	
	Re-allocation to repairs and maintenance note 27	(11,473,886)	
	Re-allocation to other income note 20	26,244	
	<i>Restated Balance</i>	-	
30.4	GENERAL EXPENSES - Work for Water Project		
	<i>Balance previously reported - 30 June</i>	1,674,379	
	Re-allocation to employee related costs note 21	(435,434)	
	Re-allocation to DWAF operational costs and Training note 28	(1,236,549)	
	Re-allocation of Work for Water Project to note 27	(2,396)	
	<i>Restated Balance</i>	-	
30.5	Roads Agency Services		
	<i>Balance previously reported - 30 June</i>	4,094,171	
	Re-allocation to Department of Transport - Roads Service Charges Income	(4,094,171)	
	<i>Restated Balance</i>	-	
30.6	PAYABLES FROM NON EXCHANGE TRANSACTIONS		
	<i>Balance previously reported - 30 June</i>	-	
	Correction of Payables from Non Exchange transactions note 5	16,274	
	<i>Restated Balance</i>	16,274	
30.7	NON-CURRENT INVESTMENTS		
	<i>Balance previously reported - 30 June</i>	(1,273,610)	
	Correction of Audit fees paid on behalf of CKEDA note 28	(57,950)	
	<i>Restated Balance</i>	(1,331,560)	
30.8	GENERAL EXPENSES		
	<i>Balance previously reported - 30 June</i>	-	
	Correction of Audit fees paid on behalf of National Treasury note 19	360,450	
	<i>Restated Balance</i>	360,450	

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
31 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS		
Surplus for the year	2,100,677	2,788,755
<u>Adjustments for:</u>		
Depreciation	241,481	308,815
Amortisation of Intangible Assets	8,354	30,822
Loss on disposal of property, plant and equipment	-	53,558
Interest on Employee benefits	1,360,284	1,180,887
Contribution to provisions – bad debt	(148,483)	152,479
Contribution to short term employee benefits	402,393	(328,807)
Contribution from/to employee benefits	580,583	670,266
Actuarial Losses	1,037,483	452,687
Non - cash movement in employee benefits	(1,383,165)	(1,030,819)
Impairment written off	599,365	500,292
Grants Received	27,460,279	20,644,282
Grant Expenditure	(26,993,822)	(21,128,136)
Operating Surplus before changes in working capital	5,274,449	4,295,081
Changes in working capital	(1,954,525)	(668,443)
Decrease in Trade and Other Payables	(600,847)	(818,517)
Increase/(Decrease) in Taxes	(100,468)	143,575
(Increase)/Decrease in Inventory	212,510	(254,728)
(Increase)/Decrease in Trade and other receivables	(1,465,921)	61,227
Cash generated by operations	3,319,923	3,628,638

32 RECONCILIATION OF CASH FLOW STATEMENT

A correction towards the comparative relates to interest on employee benefits reclassified as an expense and not an income for the calculation of the cash flow statement.

The comparative figures were adjusted as follows:

	2014 (Previously reported) R	2014 (Adjustments) R	2014 (Restated) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other	40,180,714	4,888,364	35,292,350
Government	20,644,282	-	20,644,282
Interest	177,620	-	177,620
Payments			
Suppliers and employees	(57,407,767)	(4,948,314)	(52,481,452)
Finance charges	(24,162)	-	(24,162)
Cash generated by operations	3,570,688	(57,950.45)	3,628,637
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	(378,378)	-	(378,378)
Proceeds on Disposal of Fixed Assets	49,101	-	49,101
Purchase of Intangible Assets	(18,755)	-	(18,755)
Decrease/(Increase) in Non-current Investments	(442,342)	57,950.15	(500,292)
Net Cash from Investing Activities	(793,374)	-	(851,324)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid	(52,298)	-	(52,298)
Net Cash from Financing Activities	(52,298)	-	(52,298)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,725,015	-	2,725,016
Cash and Cash Equivalents at the beginning of the year	1,831,033	-	1,831,033
Cash and Cash Equivalents at the end of the year	4,556,048	-	4,556,048
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,725,015	-	2,725,016

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
33	NON - CASH INVESTING AND FINANCING ACTIVITIES		
33.1	Employee benefits		
	Movements for the year	1,618,088	1,122,952
	Non - Cash movement current portion of employee benefits	<u>(1,261,451)</u>	<u>(1,070,381)</u>
		<u>356,615</u>	<u>52,571</u>
33.2	Current Employee benefits		
	Movements for the year	239,044	(47,470)
	Non - Cash movement current portion of employee benefits	<u>(121,714)</u>	<u>39,582</u>
		<u>117,330</u>	<u>(7,908)</u>
33.3	Long term receivables		
	Movements for the year	1,261,451	1,070,381
	Non - Cash movement current portion of employee benefits	<u>(1,261,451)</u>	<u>(1,070,381)</u>
		<u>-</u>	<u>-</u>
33.4	Short term receivables		
	Movements for the year	121,714	(39,582)
	Non - Cash movement current portion of employee benefits	<u>(121,714)</u>	<u>39,582</u>
		<u>-</u>	<u>-</u>
34	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 16	2,339,753	1,300,000
	Cash Floats - Note 16	1,300	1,300
	Bank - Note 16	<u>4,571,469</u>	<u>3,254,748</u>
	Total cash and cash equivalents	<u>6,912,522</u>	<u>4,556,048</u>
35	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 34	<u>6,912,522</u>	<u>4,556,048</u>
	Less:	<u>2,571,015</u>	<u>1,253,371</u>
	Unspent Committed Conditional Grants - Note 7	<u>2,571,015</u>	<u>1,253,371</u>
	Resources available for working capital requirements	<u>4,341,507</u>	<u>3,302,677</u>
36	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 2	53,970	105,009
	Used to finance property, plant and equipment - at cost	<u>(53,970)</u>	<u>(105,009)</u>
		<u>-</u>	<u>-</u>
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

37 BUDGET COMPARISONS

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
37.1 Operational				
Revenue by source				
Government Grants and Subsidies - Operating	28,988,822	40,337,099	(13,348,277)	-33%
Debt Impairment	148,483	-	148,483	100%
Actuarial Gains	58,062	-	58,062	100%
National Treasury 1% audit fee	405,662	-	405,662	100%
Rental of Facilities and Equipment	70,022	70,000	22	0%
Interest Earned - external investments	448,335	200,000	248,335	123%
Department of Transport - Roads Service Charges	35,781,818	35,828,463	(46,647)	0%
Licences and Permits	14,990	18,000	(3,010)	-17%
Agency Services	3,158,928	4,149,237	(990,309)	-24%
Other Income	1,147,520	2,142,404	(994,884)	-46%
	68,220,620	82,745,203	(14,524,583)	-18%
Expenditure by nature				
Employee Related Costs	28,311,642	11,353,170	(14,958,472)	132%
Remuneration of Councilors	3,074,324	3,145,000	70,676	-2%
Depreciation and Amortisation	249,835	396,940	147,105	-37%
Impairments	599,365	-	(599,365)	-100%
Repairs and Maintenance	9,741,111	108,600	(9,632,511)	8870%
Finance Charges	743,062	300,000	(443,062)	148%
Contracted services	273,977	290,000	16,023	-6%
General Expenses	24,010,304	67,098,143	43,087,839	-84%
Actuarial Losses	1,116,322	-	(1,116,322)	100%
	68,119,942	82,691,853	18,571,910	-20%
Net Surplus for the year	2,100,678	53,350	2,047,327	3838%
	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 (%)
37.2 Expenditure by Vote				
Executive and Council	8,991,444	8,157,580	(1,168,136)	-14%
Budget and Treasury	12,187,688	22,930,752	(10,743,064)	-47%
Corporate Services	7,093,830	10,817,896	(3,724,066)	-34%
Planning and Development	1,148,811	1,838,108	(689,297)	-38%
Health	2,161,691	2,371,024	(209,333)	-9%
Public Safety	727,242	748,030	(20,788)	-3%
Road Transport	35,809,236	35,828,463	(19,227)	0%
	66,119,941	82,691,853	(16,571,911)	-20%

38 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

38.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	-	491,020
Unauthorised expenditure current year - operating	-	-
Written off by council	-	(491,020)
Unauthorised expenditure awaiting authorisation	-	-

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
Unauthorised expenditure current year - operating				
Corporate Services	7,093,830	10,817,896	(3,724,066)	-
Budget and Treasury	12,187,688	22,930,752	(10,743,064)	-
Health	2,161,691	2,371,024	(209,333)	-
Executive and Council	8,991,444	8,157,580	(1,168,136)	-
Planning and Development	1,148,811	1,838,108	(689,297)	-
Public Safety	727,242	748,030	(20,788)	-
Road Transport	35,809,236	35,828,463	(19,227)	-
	66,119,941	82,691,853	(16,571,911)	-
Unauthorised expenditure current year - capital				
	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
Budget and Treasury	318,342	500,000	(181,658)	-
	318,342	500,000	(181,658)	-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
38.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	-	-
Fruitless and wasteful expenditure current year	12,999	-
Written off by council	-	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	<u>12,999</u>	<u>-</u>
Incident	Disciplinary steps/criminal proceedings	
Interest on late payment of creditors	None	-
SARS penalties	None	12,999
Interest on arrears portion of long term liabilities	None	-
	<u>12,999</u>	<u>-</u>

38.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	64,474	2,812,553
Irregular expenditure current year	433,577	64,474
Written off by council from the previous year	(64,474)	(2,812,553)
Irregular expenditure awaiting further action	<u>433,577</u>	<u>64,474</u>
Incident	Disciplinary steps/criminal proceedings	
Purchases made without tax clearance certificates	None	99,850
Preferential point system not applied in tender process	None	-
Non-compliance with Supply Chain Management Policy	None	333,627
		<u>64,474</u>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies as they are minor breaches.

38.4 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 35 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents listed hereunder have been condoned.

Deviations from the Supply Chain Management Regulations were identified on the following categories:

	Between R30,001 and R200,000	Up to R30,000
Emergency	31,826	42,611
Impractical	269,850	115,765
Sole Supplier	1,356,162	493,497
Grand Total	<u>1,657,638</u>	<u>651,893</u>

The ten major deviations, in total, for the current financial year were as follows:

Awarded to	Reason/Explanation	Amount
BABCOCK EQUIPMENT	Only Agent that sells the specific parts	98,742
BARLOWORLD EQUIPMENT	Only agent that supplies CAT Equipment	164,191
BELL EQUIPMENT	Only Agent that sells the specific parts	87,191
ELB EQUIPMENT LTD	Only Agent that sells the specific parts	79,332
KAMKOR CC T/A DONKIN MOTORS	Only supplier that we have an account with	54,911
KOMATSU	Only Agent that sells the specific parts	114,411
MURRAYSBURG VULSTASIE	Only supplier that we have an account with	239,210
National Garage	Only supplier that we have an account with	130,679
PENNYWORTH TRADING (PTY) LTD	Only Agent that sells the specific parts	64,581
VICTOR SE GARAGE	Only supplier that we have an account with	166,830
Total		<u>1,220,078</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

38.5 Material Losses

No material losses occurred

38.6 Service In State

The following supplier did not indicate that a member is in service of the state as required by section 13(c)(i) of the Supply Chain Management Regulations.

Service provider	Name of member	State department	Contract value
C & C Fitters	D Nortje	Social Development	31,825
Nestle	N Bhengu	Road Accident Fund	284,828
Absa Bank	T Dingaan	Development Bank of Southern Africa	110,602
Trenlyre	A Sing	Development Bank of Southern Africa	487,693

2015
R

2014
R

39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

39.1 Contributions to organised local government - (MFMA 125 (1)(b)) - SALGA CONTRIBUTIONS

Council subscriptions	528,707	470,470
Amount paid - current year	(528,707)	(470,470)
Balance unpaid (Included in creditors)	-	-

39.2 Audit fees - (MFMA 125 (1)(b))

Current year audit fee	1,893,815	813,979
External Audit - Auditor-General	1,893,815	813,979
Amount paid - current year	(1,893,815)	(813,979)
Balance unpaid (Included in creditors)	-	-

39.3 VAT - (MFMA 125 (1)(b))

Opening balance	11,275	154,850
Amounts received - current year	(375,195)	(597,003)
Amounts claimed - current year	454,871	430,878
Closing balance - Receivable	80,952	(11,275)
 Vat in suspense due to cash basis of accounting		
Input VAT	112,987	11,275
Output VAT	(1,245)	-
Receivable	111,743	11,275

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

39.4 PAYE, SDL and UIF - (MFMA 125 (1)(b))

2015
R

2014
R

Opening balance	-	(32,178)
Current year payroll deductions and Council Contributions	4,151,238	3,638,491
Amount paid - current year	(4,151,238)	(3,609,313)
Balance unpaid (Included in creditors)	-	-

39.5 Pension and Medical Aid Deductions - (MFMA 125 (1)(b))

Opening balance	-	1,390
Current year payroll deductions and Council Contributions	3,414,633	3,312,304
Amount paid - current year	(3,414,633)	(3,313,694)
Balance unpaid (Included in creditors)	-	-

39.6 Unlisted Investment In Central Karoo Economic Development Agency SOC Ltd - (MFMA 125 (1)(b))

Cost	100	100
Owners contribution during the year	593,633	600,292
Impairments	(593,633)	(500,392)
Closing balance	-	-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

39.7 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June:

	Outstanding more than 90 days	Outstanding more than 90 days
Councillor MS Hangana	24,517	15,166
Councillor IJ Windvogel	21,698	21,698
Councillor J Bostander	28,456	4,633
Councillor BJ van As	1,146	-
Councillor M Furmen	7,141	-
Councillor S Botes	1,763	-
Mayor EZ Njando	18,017	12,375
	100,729	53,873

40 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

474,628	-
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Total commitments consist out of the following:

Upgrading of council chambers

474,628	-
474,628	-

This expenditure will be financed from:

Own Resources

474,628	-
474,628	-

41 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

1% (2014 + 0.5%) Increase in interest rates	68,573	44,497
0.5% (2014 - 0.5%) Decrease in interest rates	(34,286)	(22,249)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

No receivables are pledged as security for financial liabilities.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2015 R	2014 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from non-exchange transactions	668,189	560,552
Cash and Cash Equivalents	6,912,522	4,556,048
Unpaid conditional grants and subsidies	998,298	154,108
	<u>8,578,007</u>	<u>5,270,708</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2015				
Long Term liabilities - Finance Lease Liability	44,651	17,586	-	-
Capital repayments	38,976	14,994	-	-
Interest	5,675	2,592	-	-
Trade and Other Payables	4,738,720	-	-	-
Unspent conditional government grants and receipts	2,571,015	-	-	-
	<u>7,352,386</u>	<u>17,586</u>	<u>-</u>	<u>-</u>
2014				
Long Term liabilities - Finance Lease Liability	76,459	108,317	-	-
Capital repayments	49,885	87,488	-	-
Interest	26,574	20,819	-	-
Trade and Other Payables	5,723,477	-	-	-
Unspent conditional government grants and receipts	1,253,371	-	-	-
	<u>7,053,307</u>	<u>108,317</u>	<u>-</u>	<u>-</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R	
42	FINANCIAL INSTRUMENTS			
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:			
42.1	Financial Assets			
	Classification			
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	666,189	560,552
	Other Receivables			
	Government Subsidies and Grants	Financial instruments at amortised cost	996,296	154,108
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	2,339,753	1,300,000
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	4,571,469	3,254,748
	Cash Floats and Advances	Financial instruments at amortised cost	1,300	1,300
			<u>8,575,007</u>	<u>5,270,708</u>
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		<u>8,575,007</u>	<u>5,270,708</u>
	At amortised cost		<u>8,575,007</u>	<u>5,270,708</u>
	FINANCIAL INSTRUMENTS (CONTINUE)			
42.2	Financial Liability			
	Classification			
	Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	14,894	42,828
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	2,554,847	3,024,467
	Sundry creditors	Financial instruments at amortised cost	170,551	820,441
	Creditors Roads	Financial instruments at amortised cost	2,011,222	1,878,549
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	2,571,015	1,253,371
	Current Portion of Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	38,876	62,083
			<u>7,361,705</u>	<u>7,081,857</u>
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		<u>7,361,705</u>	<u>7,081,857</u>
43	STATUTORY RECEIVABLES			
	In accordance with the principles of GRAP 108, Statutory receivables of the municipality are classified as follows:			
	Taxes		111,743	11,275
	VAT Receivable		<u>111,743</u>	<u>11,275</u>
44	EVENTS AFTER THE REPORTING DATE			
	The municipality has no events after the financial year ended 2014/2015.			
45	IN-KIND DONATIONS AND ASSISTANCE			
	National Treasury under the MFMA reformed programme has seconded a MFMA advisor to assist to compliance and reporting matters.			
46	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			
47	CONTINGENT LIABILITY			
	No contingent liabilities have been noted during the current financial year.			

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2015 R	2014 R
48	RELATED PARTY TRANSACTIONS		
	Key Management and Councilors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
48.1	Related Party transactions		
	Opening Balance	737,927	237,534
	Additions to loan	593,633	500,392
	Impairment of loan	(1,331,560)	(737,927)
	Closing balance	<u>-</u>	<u>-</u>
	Rental contribution per agreement not considered in the loan	87,725	73,318
48.2	Related Party Loans		
	The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Central Karoo District Municipality:		
	* Municipal Manager		
48.2	Compensation of key management personnel		
	The compensation of key management personnel is set out in note 21 to the Annual Financial Statements.		
48.3	Other related party transactions		
	Included in other receivables are outstanding money(s) to be recovered from Councilors, and Mayor, due to travel and lodging claimed, but not spent:		
	<u>Councillor/Staff Member</u>		
	Councillor MS Hangana	24,517	18,155
	Councillor IJ Windvogel	21,698	21,698
	Councillor J Bostander	28,458	4,633
	Councillor BJ van As	1,146	-
	Councillor M Furmen	7,141	-
	Councillor S Botes	1,753	-
	Mayor EZ Njato	18,017	12,375
		<u>100,729</u>	<u>54,862</u>

49 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

Current Liabilities exceeds current assets with the current ratio being 0.90:1 (2014 - 0.65:1)

Liquidity ratio of 0.62:1 (2014 0.48:1)

Accumulated loss of R4,258,609 (2014 R8,359,285)

The following factors mitigated the financial uncertainty

The current ratio increased to 0.85:1 from 0.67:1 in the prior year.

The municipality have budgeted for a Surplus of R 6 703 for the 2014/2015 financial year. The municipality is also budgeting for positive cash flows during 2015/2016 and 2016/2017 amounting to R 3,333,640.13 and R 6,684,011.28 respectively.

Other Indicators

None noted.

50 BUDGET COMPARISONS

In order to comply with the requirements of GRAP 24.12 and GRAP 24.27, all required disclosures are included in pages 7 to 12.

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are effected by these classification differences:

Statement of financial position

Consumer debtors in budget statements consist out of Receivables from Exchange and Receivables from Non-exchange.

The budget formats does not allow for various sundry debtor balances to be disclosed separately. For this reason, Unpaid Conditional Grants and Receipts, Operating Lease Assets and Taxes are all incorporated under other receivables.

Included in Trade and other payables per budget statement are Payables from Exchange Transactions as well as Unspent Conditional Government Grants and Receipts.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Employee benefits and Provisions (current and non-current) are disclosed separately in the financial statements while these figures are aggregated in the budget statements.

Statement of financial position

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income and Third Party Payments.

Depreciation/Amortisation and Impairments are disclosed separately in the financial statements while these figures are aggregated in the budget statements.

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - General Expenses, Repairs and Maintenance and Actuarial Losses.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

APPENDIX A - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2014	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2015
LEASE LIABILITY							
Gestetner MP 6001 SP	20.00%		30/11/2016	76,673	-	52,299	24,373
Gestetner MPC 3001	13.00%		30/11/2015	28,336	-	9,784	18,553
RICOH MP301SP	13.00%		30/06/2019	-	12,914	1,870	11,044
Total Lease Liabilities				105,009	12,914	63,954	53,970
TOTAL EXTERNAL LOANS				105,009	12,914	63,954	53,970

APPENDIX B - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
MUNICIPAL VOTES CLASSIFICATION

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
360,450	(1,750,851)	(1,390,401)	Municipal Manager	2,588,310	(2,368,735)	219,575
-	(4,112,459)	(4,112,459)	Council general expenses	3,485,800	(4,622,710)	(1,136,910)
17,701,538	(7,222,205)	10,479,333	Financial services	14,487,496	(14,778,974)	(289,478)
3,240,559	(2,888,086)	352,473	Corporate services	7,883,207	(2,869,027)	5,014,180
1,014,027	(1,190,514)	(176,487)	Planning and development	1,042,785	(1,148,811)	(106,026)
371,377	(2,355,923)	(1,984,546)	Health	77,074	(2,181,691)	(2,084,617)
3,178,171	(2,832,818)	345,353	Other	2,698,248	(1,487,053)	1,211,195
-	(704,407)	(704,407)	Public safety	-	(727,242)	(727,242)
30,527,182	(30,547,289)	(20,107)	Road transport	35,809,236	(35,809,236)	-
56,393,304	(53,604,552)	2,788,753	Total	68,072,156	(65,971,479)	2,100,678

APPENDIX C - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
360,450	(5,863,310)	(5,502,860)	Executive and council	1,491,462	(6,991,444)	(5,499,982)
16,652,013	(4,397,745)	12,254,268	Budget and treasury	6,483,510	(12,039,225)	(5,555,715)
7,468,254	(8,547,762)	(1,079,508)	Corporate Services	23,810,439	(7,093,830)	16,716,610
1,014,027	(1,188,115)	(174,087)	Planning and Development	400,435	(1,148,811)	(748,376)
371,377	(2,355,923)	(1,984,545)	Health	77,074	(2,161,691)	(2,084,616)
-	(704,407)	(704,407)	Public Safety	-	(727,242)	(727,242)
30,527,182	(30,547,289)	(20,107)	Road Transport	35,809,236	(35,809,236)	-
56,393,304	(53,604,550)	2,788,754	Total	68,072,156	(65,971,479)	2,100,677

APPENDIX D - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2014	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2015
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS					
	R	R	R	R	R
National Government Grants					
Equitable Share	-	16,722,000	16,722,000	-	-
National Financial Management Grant	(2,068)	1,250,000	1,250,000	-	(2,068)
Municipal Systems Improvement Grant	(62,988)	934,000	934,000	-	(62,988)
EPWP	(18,114)	1,212,000	1,119,517	34,750	39,619
Work for Water Project	147,278	-	326,875	-	(179,597)
Rural Asset Management Grant (RAMS)	-	1,497,000	536,548	-	960,452
Dept. Local Government	90,766	-	-	-	90,766
Total National Government Grants	154,875	21,615,000	20,868,940	34,750	846,185
Provincial Government Grants					
Local Financial Management Grant	865,452	1,350,000	834,714	-	1,380,738
Global Fund Projects	(29,843)	-	-	-	(29,843)
Primary Health Care	(3,142)	-	-	-	(3,142)
EDA	(25,819)	-	-	-	(25,819)
Ambulance Subsidies	(5,529)	-	-	-	(5,529)
Total Provincial Government Grants	801,119	1,350,000	834,714	-	1,316,405
Other Grant Providers					
Tourism Biosfeer	50,855	-	-	-	50,855
Tourism Sustainability	99,020	5,000	55,435	-	48,585
Nutrition Scheme	(6,606)	-	-	-	(6,606)
LG SETA	-	4,499,279	5,179,983	-	(680,704)
Total Other Grant Providers	143,269	4,504,279	5,235,418	-	(587,870)
Total	1,099,264	27,469,279	26,959,072	34,750	1,674,719

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Revised Audited Outcome
R thousand								
Revenue - Standard								
<i>Governance and administration</i>	27,535	17,948	45,483	31,785	(13,698)	69.9%	115.4%	24,481
Executive and council	9,463	-	9,463	1,491	(7,972)	15.8%	15.8%	360
Budget and treasury	7,732	17,768	25,521	6,484	(19,037)	25.4%	83.9%	16,652
Corporate services	10,339	160	10,499	23,810	13,311	226.8%	230.3%	7,468
<i>Community and public safety</i>	-	-	-	77	77	100.0%	100.0%	371
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	77	77	100.0%	100.0%	371
<i>Economic and environmental services</i>	29,925	7,400	37,325	35,210	(1,116)	97.0%	121.0%	31,541
Planning and development	-	-	-	400	400	100.0%	100.0%	1,014
Road transport	29,925	7,400	37,325	35,809	(1,516)	95.9%	119.7%	30,527
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
Total Revenue - Standard	57,460	25,348	82,809	68,072	(14,736)	82.2%	118.5%	58,393
Expenditure - Standard								
<i>Governance and administration</i>	26,604	18,870	45,476	28,124	(19,352)	57.4%	98.2%	18,809
Executive and council	9,092	399	9,491	6,991	(2,499)	73.7%	76.9%	5,653
Budget and treasury	7,555	18,153	25,748	12,039	(13,709)	46.8%	158.5%	4,368
Corporate services	9,919	318	10,237	7,094	(3,144)	69.3%	71.5%	8,548
<i>Community and public safety</i>	-	-	-	2,889	2,889	100.0%	100.0%	3,060
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	-	-	-	727	727	100.0%	100.0%	704
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	2,162	2,162	100.0%	100.0%	2,356
<i>Economic and environmental services</i>	29,925	7,400	37,325	35,958	(367)	99.0%	123.5%	31,735
Planning and development	-	-	-	1,149	1,149	100.0%	100.0%	1,183
Road transport	29,925	7,400	37,325	35,809	(1,516)	95.9%	119.7%	30,547
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-
Total Expenditure - Standard	56,531	26,270	82,802	65,971	(16,830)	79.7%	116.7%	53,805
Surplus/(Deficit) for the year	929	(922)	7	2,101	2,094	31339.4%	226.2%	2,789

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue by Vote								
Executive and Council	9,453	-	9,453	1,491	(7,972)	15.8%	15.6%	360
Budget and Treasury	7,732	17,788	25,521	6,484	(19,037)	25.4%	83.9%	16,652
Corporate Services	10,339	160	10,499	23,959	13,459	228.2%	231.7%	7,468
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Road Transport	29,925	7,400	37,325	35,809	(1,516)	95.9%	119.7%	30,527
Health	-	-	-	77	77	100.0%	100.0%	371
Planning and development	-	-	-	400	400	100.0%	100.0%	1,014
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
Total Revenue by Vote	57,440	25,348	82,809	68,221	(14,588)	82.4%	118.7%	58,393
Expenditure by Vote to be appropriated								
Executive and Council	9,092	399	9,491	6,991	(2,499)	73.7%	76.9%	5,663
Budget and Treasury	7,595	18,153	25,748	12,039	(13,709)	46.8%	158.5%	4,388
Corporate Services	9,919	318	10,237	7,242	(2,995)	70.7%	73.0%	6,548
Community and Social Services	-	-	-	-	-	-	-	-
Planning and development	-	-	-	1,149	1,149	100.0%	100.0%	1,189
Public Safety	-	-	-	727	727	100.0%	100.0%	704
Road Transport	29,925	7,400	37,325	35,809	(1,516)	95.9%	119.7%	30,547
Health	-	-	-	2,162	2,162	100.0%	100.0%	2,358
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Expenditure by Vote	58,531	28,370	86,902	68,120	(18,882)	79.9%	117.0%	53,605
Surplus/(Deficit) for the year	929	(922)	7	2,101	2,094	31339%	228.2%	2,789

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue By Source								
Property rates			-	-	-	-	-	-
Property rates - penalties & collection charges			-	-	-	-	-	-
Service charges			-	-	-	-	-	-
Rental of facilities and equipment	120	(50)	70	70	0	100.0%	58.4%	45
Interest earned - external investments	150	50	200	445	245	223.2%	237.5%	178
Interest earned - outstanding debtors			-	-	-	-	-	-
Other Revenue								
Fines			-	-	-	-	-	-
Licences and permits			-	15	15	100.0%	100.0%	41
Agency services	3,661	458	4,149	3,159	(990)	76.1%	83.3%	3,053
Transfers recognised - operational	53,148	(12,756)	40,390	26,889	(13,402)	66.6%	50.8%	21,469
Other Income	383	37,616	37,999	37,542	(457)	99.8%	9914.8%	31,597
Gains on disposal of PPE			-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	57,469	25,348	82,809	68,221	(14,588)	326.7%	118.7%	56,393
Expenditure By Type								
Employee related costs	11,839	829	12,668	26,312	13,643	207.7%	222.2%	24,769
Remuneration of councillors	3,145	-	3,145	3,074	(71)	97.8%	97.8%	2,978
Debt Impairment	-	-	-	-	-	100.0%	100.0%	162
Depreciation and Amortisation	429	(40)	389	250	(140)	64.2%	58.2%	340
Finance charges	450	(110)	340	743	403	218.5%	185.1%	704
Other Expenditure								
Other materials	-	-	-	-	-	-	-	-
Contracted services	-	-	-	274	274	100.0%	100.0%	211
Transfers and grants	-	-	-	-	-	-	-	-
General Expenses	43,667	25,592	69,259	35,457	(33,792)	63.5%	87.2%	24,378
Loss on disposal of Property, Plant and Equipment	-	-	-	-	-	100.0%	100.0%	54
Total Expenditure	55,831	26,279	82,110	66,120	(16,042)	315.2%	117.0%	53,605
Surplus/(Deficit)	929	(922)	7	2,101	2,094	31339%	226.2%	2,789
Transfers recognised - capital	-	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	929	(922)	7	2,101	2,094	31339%	226.2%	2,789

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.e. VFA s26)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Capital expenditure - Vote								
Multi-year expenditure								
Executive and Council	-	-	-	-	-	-	-	-
Budget and Treasury Office	-	-	-	-	-	-	-	-
Corporate Services	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Road Transport	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital multi-year expenditure								
Single-year expenditure								
Executive and Council	-	-	-	-	-	-	-	-
Budget and Treasury Office	-	-	-	-	-	-	-	-
Corporate Services	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Road Transport	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital single-year expenditure								
Total Capital Expenditure - Vote								
Capital Expenditure - Standard								
Governance and administration	500	-	500	316	(182)	63.7%	63.7%	-
Executive and council	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-
Corporate services	500	-	500	316	(182)	63.7%	63.7%	-
Community and public safety	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Economic and environmental services	-	-	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	500	-	500	316	(182)	64%	64%	-
Funded by:								
National Government	-	-	-	-	-	-	-	-
Provincial Government	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	500	-	500	316	(182)	63.7%	63.7%	68
Total Capital Funding	500	-	500	316	(182)	64%	64%	68

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CASH FLOWS

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	4,314	37,871	42,184	39,214	(2,970)	-7.6%	-7.8%	35,292
Government - operating	53,146	(12,756)	40,390	27,469	(12,921)	-47.0%	101.3%	20,644
Government - capital	-	-	-	-	-	-	-	-
Interest	-	200	200	446	246	55.2%	123.2%	178
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(37,825)	(38,108)	(75,934)	(63,794)	12,140	-19.0%	-31.9%	(52,461)
Finance charges	(450)	110	(340)	(16)	324	-1998.5%	294.4%	(24)
Transfers and Grants	(14,778)	14,778	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	4,406	2,093	6,501	3,320	(3,181)	-95.8%	-151.9%	3,629
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	-	-	46
Purchase of Property, Plant and Equipment	-	-	-	-	-	-	-	(19)
Decrease (increase) other non-current investments	-	(520)	(520)	(594)	(74)	12.5%	100.0%	(500)
Payments								
Capital assets	-	(500)	(500)	(319)	181	-56.8%	100.0%	(378)
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(1,020)	(1,020)	(912)	107	-11.8%	100.0%	(851)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-
Payments								
Repayment of borrowing	-	(62)	(62)	(51)	11	-21.6%	100.0%	(52)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	(62)	(62)	(51)	11	-21.6%	100.0%	(52)
NET INCREASE/ (DECREASE) IN CASH HELD	4,406	1,013	5,420	2,356	(3,063)	-130.0%	-302.3%	2,725
Cash/cash equivalents at the year begin:	13,068	(8,287)	4,782	4,556	(226)	-5.0%	2.7%	1,831
Cash/cash equivalents at the year end:	17,475	(7,274)	10,201	6,913	(3,278)	-47.4%	45.1%	4,556